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WASHINGTON, D.C. 20548

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LOGISTICS AND COMMUNICATIONS DIVISION

RELEASED

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B-172707

JAN 10 1974

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*ci hr* The Honorable Ancher Nelsen  
House of Representatives

Dear Mr. Nelsen:

Your letter of October 24, 1973, asked us to consider additional information provided by employees affected by the Army's decision to terminate production of 5.56mm ammunition at the Twin Cities Army Ammunition Plant, New Brighton, Minnesota. You had previously requested us to review the Army's decision, and we reported to you on the results of that review on December 6, 1973. That report concluded that the cost data and study methods the Army used in comparing production costs at the Twin Cities plant with those at the Lake City Missouri plant were reasonable and supported the decision that it would be more economical to produce all current 5.56mm ammunition required at Lake City. *2p*

The additional information contained in your October 24 letter concerns cost estimates recently submitted by contractors operating the Twin Cities and Lake City plants. These estimates were not submitted for the study which resulted in terminating 5.56mm production at Twin Cities. Rather, the Army requested the estimates as part of a current study on whether to locate a proposed new 5.56mm ammunition production line at Twin Cities or at Lake City.

A contract for this line, which would be the Army's first modern 5.56mm production line, is expected to be awarded in June 1974. The line is expected to be delivered and installed at the plant selected during 1975 and 1976 but is not expected to be ready for production until February 1977. Therefore, the Army's decision on the location of the line should not have an immediate impact on employment at either plant. The Army also expects to modernize the 5.56mm and 7.62mm production lines at both Twin Cities and Lake City

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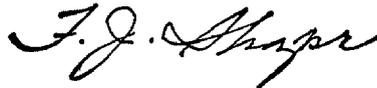
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as part of its overall multibillion dollar program for modernizing its entire ammunition production base.

Because the Army has not decided where to locate the first modern production line, we cannot examine the total range of factors it may use in reaching that decision. We believe an investigation of the current Army study by our Office would be premature. If, after the Army decision is announced, you feel further study of the matter is needed, we will be glad to assist you.

We trust this information is responsive to your request.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "F. J. Shyne".

Director